

long series of negotiations between the government and the bank, sums up the lesson of these years as follows :

It is apparent how political events hurled the state farther and farther down the path of forced legal tender at the moment when the resumption of specie payments seemed at hand. It is apparent also of what little use were pledges, whether of realty or securities, to hasten the liberation of the state and to permit the bank to terminate the suspension of specie payments. It is because all such pledges are incapable of negotiation at short notice without great loss. It is apparent also what singularly advantageous conditions the bank obtained from the state for its advances. It enjoyed an interest of two or three per cent, on sums in paper which cost it nothing.¹ This situation was too favorable for the bank for it to show itself rigorous towards the state. Every exhibition of complaisance which it made was the source of abundant revenue. This rate of two or three per cent, was extravagant. In France one per cent, was adopted and in Italy six-tenths of one per cent. The transformation, for such a long period of time, of a great establishment of credit into the official lender of the state had the disastrous consequence that this establishment could with difficulty fulfil its natural mission of lending to commerce. One cannot serve two masters, and a bank which always has its hand in its coifers to make advances to the state is compelled to show itself more stringent towards manufacturers and merchants.

The attempt to resume specie payments seemed upon the eve of success in 1859. A monetary convention was concluded January 24, 1857, with the view to securing a uniform, currency throughout Germany, by which the contracting parties, of which Austria was one, were to issue no more legal tender paper after January 1, 1859, which was not redeemable in coin on demand. An Imperial ordinance of April 30, 1858, prepared the way for resumption by providing that after November 1st of the same year one-third of

¹ M. Noel seems to ignore this element of the bank loans and says : " The bank, during the entire period which elapsed from its origin to 1861, had risen to the level of its heavy task. It had contributed energetically to sustain the government in the difficult situations which it had traversed and its support, often disinterested, had merited general confidence. Far from abusing the opportunity of the multiplied crises which had obliged the Imperial Treasury to appeal to it, it had endeavored to lighten the burden of the sacrifices imposed by events; upon the country."—Banques d* Emission en Europe, I., 364.